

Message Text

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ACTION EB-07

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FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC PRIORITY 817

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E.O. 11652: N/A

TAGS: EAIR, NZ

SUBJECT: CIVAIR: PAN AM AND NZ SPECIAL FARES PROBLEMS

REF WELLINGTON 0205, STATE 011403

1. DEPUTY SECRETARY OF TRANSPORT, A.J. EDWARDS ACCOMPANIED BY CONTROLLER OF AIR SERVES POLICY, FRASER NORTON, CALLED ON E/C COUNSELRO FOR "INFORMAL DISCUSSION" OF THE PROBLEM STILL OUTSTANDING BETWEEN GNZ AND PAN AM.

2. EDWARDS STARTED OFF BY SAYING THAT FRANKLY HE WAS NO CLEAR WHAT WAS MEANT BY THE STATEMENT THAT "GNZ ACTION MAY RESULT IN POSSIBLE IMPAIRMENT OF PAN AM'S COMPETITIVE POSITION AND PERHAPS ITS FAIR AND EQUAL OPPORTUNITY TO OPERATE TO AND FROM NEW ZEALAND" (STATE 011403). THE KEY REMAINING ISSUES AT THIS TIME ARE TRANSFER POINTS AND STOPOVER TIMES FOR PAN AM ON YE FARES TO LONDON. THOUGH THIS CONCERNS THIRD AND FOURTH FREEDOMS FOR NEW ZEALAND AND THE U.K. LINES, IT IS SIXTH FREEDOM FOR PAN AM AND THE BILATERAL AIR TRANSPORT AGREEMENT BETWEEN THE U.S. AND NEW ZEALAND DOESN'T COVER TRANSFER POINTS AND STOPOVERS ON 6TH FREEDOM TRAFFIC. NORTON CALLED ATTENTION TO THE FACT THAT A SIMILAR SITUATION EXISTED (IN REVERSE) WHEN THE U.S. COMPLAINED ABOUT AIR NEW ZEALAND'S (ANZ) OPERATING FLIGHTS FROM AUSTRALIA VIA

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AUCKLAND TO LOS ANGELES AND SHOWING THE SERVICE IN THE

SCHEDULE WITH A MINOR CHANGE IN FLIGHT NUMBER DESIGNATION
(SEE STATE 74 17314 AND WELLINGTON 74 2675 AND 75 0178).

3. NORTON SAID THAT ABOUT 40 PER CENT OF PAN AM'S PASSENGER TRAFFIC IN AND OUT OF AUCKLAND IS SIXTH FREEDOM. HE SAID THERE WAS NO INTENT TO DEPRIVE PAN AM OF THE CHANCE TO CARRY 6TH FREEDOM TRAFFIC. HE AGAIN CITED THE FACT THAT SAN FRANCISCO WAS DESIGNATED AS A TRANSFER POINT BECAUSE PAN AM OPERATED INTO SAN FRANCISCO. HE IMPLIED CONFIDENTIALLY THAT THE BRITISH WERE AGAINST SO DESIGNATING SAN FRANCISCO BUT NEW ZEALAND HAD INSISTED.

4. EDWARDS SAID THAT IN RESPONSE TO THE USG SUGGESTION (STATE 011403), HE HAD SPOKEN TO ANZ ABOUT MEETING WITH PAN AM TO FIND A MUTUAL SOLUTION TO THE PROBLEM. AND THEY HAD GOTTEN TOGETHER BUT FROM WHAT EDWARDS HAD LEARNED LATER, THIS HAD APPARENTLY NOT RESULTED IN ANYTHING CONCLUSIVE. EDWARDS SUGGESTED THAT IT MIGHT BE MORE HELPFUL IF A STATE DEPARTMENT CIVIL AVIATION MAN AND A HIGH LEVEL PAN AM OFFICIAL CAME TO NEW ZEALAND FOR TALKS WITH ANZ AND GNZ CIVIL AIR AUTHORITIES.

5. EDWARDS SAID THAT THE CONTINUED FAILURE OF PAN AM TO COMPLY WITH THE NZ FILING REGULATIONS WAS INCREASINGLY EMBARRASSING. PAN AM'S REFUSAL TO COMPLY APPEARED AS A SORT OF BLACK MAIL. ALL OF THE "TRAVEL TRADE" AND OTHER GOVERNMENTS CONCERNED WERE WATCHING PAN AM'S CONTINUED DEFIANCE OF NZ'S REGULATIONS. THINGS WERE REACHING THE POINT WHERE GNZ COULD DEFER ACTION NO LONGER AND WOULD BE OBLIGED TO SEEK AN INJUNCTION IN THE SUPREME COURT.

6. GNZ IS PREPARED TO CONTINUE TO SEEK A REASONABLE SOLUTION TO PAN AM'S PROBLEM, BUT PAN AM MUST FIRST FILE IN ACCORDANCE WITH THE EXISTING GNZ AIR ADVICE TO ANZ OF OCTOBER 1975. IT MUST PUT ITSELF IN COMPLIANCE WITH NEW ZEALAND LAW. "THEN LET'S TALK ABOUT PAN AM'S PROBLEMS".

7. TO THE QUESTION OF WHETHER THERE WAS ANY ASSURANCE THAT TALKS AFTER PAN AM'S FILING WOULDN'T CONTINUE INTERMINABLY WITHOUT FINDING A MUTUALLY SATISFACTORY SOLUTION LIMITED OFFICIAL USE

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OR WHAT COURSE THE TALKS MIGHT TAKE, NEITHER EDWARDS OR NORTON GAVE A CONCRETE REPLY. BUT NORTON SUGGESTED THAT, AFTER PAN AM HAD FILED PERHAPS PAN AM, ANZ AND BRITISH AIRWAYS (BA) MIGHT BE GIVEN 31 DAYS TO SEEK A SOLUTION. THIS MIGHT AVOID THE DANGER OF EXTENDED FRUITLESS DISCUSSIONS.

8. ON THE QUESTION OF POSSIBLE ADDITIONAL TRANSFER POINTS, NORTON SAID PERHAPS BA MIGHT AGREE TO CHANGING FROM

SAN FRANCISCO TO NEW YORK AS A TRANSFER POINT IF PAN AM PREFERRED THIS, BUT NORTON COULD GIVE NO ASSURANCE. THAT IS UP TO THE BRITISH. HE SAID HE UNDERSTOOD THAT PAN AM HAD NOT SO FAR BEEN TALKING TO BA ON THE SPECIAL FARES PROBLEM.

9. E/C COUNSELOR EMPHASIZED THAT THE EMBASSY HAD NO NEW INSTRUCTIONS OR MORE RECENT GUIDANCE FROM THE DEPARTMENT AND THEREFORE HE WAS UNABLE TO MAKE SPECIFIC COMMENTS ON THE POINTS RAISED BY EDWARDS AND NORTON OTHER THAN THAT WHICH HE HAD ALREADY PASSED TO THE MINISTRY OF TRANSPORT OVER THE PAST SEVERAL MONTHS.

10. PRIOR TO THE VISIT BY EDWARDS AND NORTON TO THE EMBASSY, THE AUCKLAND PAN AM DIRECTOR FOR NZ INFORMED E/C COUNSELOR THAT HE HAD BEEN REQUESTED BY GNZ CIVIL AVIATION AUTHORITIES TO FLY TO WELLINGTON ON VERY SHORT NOTICE ON JAN. 26 TO DISCUSS PAN AM'S SITUATION. AN ANZ OFFICIAL SAT IN ON PART OF THE MEETING WHICH LASTED ABOUT 3 HOURS. HE SAID HE WAS TOLD THAT PAN AM MUST FILE WITHOUT FURTHER DELAY. MORGAN INQUIRED ABOUT ADDING NEW YORK AND HONOLULU AS TRANSFER POINTS ON THE YE FARE. HE SAID HE THOUGHT THE CIVIL AVIATION AUTHORITIES MIGHT EVENTUALLY AGREE TO NEW YORK IF THIS WERE INCLUDED IN A NEW FILING, BUT NOT HONOLULU.

11. DEPARTMENT IS REQUESTED TO SEND THE EMBASSY ASAP WHATEVER ADDITIONAL GUIDANCE IT BELIEVES INDICATED, ESPECIALLY AS REGARDS A VISIT TO NZ OF A REPRESENTATIVE OF THE AVIATION DIVISION OF THE DEPARTMENT ACCOMPANIED BY A HIGH LEVEL PAN AM OFFICIAL FOR TALKS. SELDEN

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